

Message Text

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DRAFTED BY EUR/EE:TEDEAL:FEW

APPROVED BY EUR - HARTMAN

EUR/EE - MR. ANDREWS

H - MR. JENKINS

C - MR. SHINN

S/S-O:G.TWOHIE

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FM SECSTATE WASHDC

TO AMEMBASSY PRAGUE IMMEDIATE

C O N F I D E N T I A L STATE 009361

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, EFIN, CZ, US

SUBJECT: CLAIMS AGREEMENT

REF.: PRAGUE 92 AND PREVIOUS

FOR AMBASSADOR SHERER FROM HARTMAN

1. WE ARE CURRENTLY STUDYING PROVISIONS OF TRADE REFORM ACT, LEGISLATIVE HISTORY AND CONFERENCE REPORT TO DECIDE HOW BEST TO PROCEED ON CLAIMS ISSUE. CLEARLY, WE WILL AT SOME POINT HAVE TO CONSULT WITH BOTH SENATE AND HOUSE ON OUR APPROACH TO AND ON THE POSSIBLE OUTCOME OF ANY "RE-NEGOTIATION".

2. IF CHNOUPEK ASKS WHAT WE MEAN BY "RENEGOTIATION", YOU SHOULD REPLY THAT ALTHOUGH TERM "RENEGOTIATION" WAS RE-CONFIDENTIAL

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FERRED TO IN BOTH LEGISLATION AND FLOOR DEBATE, IT IS

APPARENT THAT CONGRESS IS NOT MUCH INTERESTED IN HOW WE GO ABOUT ADJUSTING THE SETTLEMENT. THEY DO INSIST, HOWEVER, THAT WE IMPROVE THE TERMS OF SETTLEMENT AS INITIALED. WE FULLY RECOGNIZE GOC SENSITIVITY TO SUGGESTION THAT RENEGOTIATION IN FORMAL SENSE OF WORD MIGHT BE NECESSARY. SPACIL HAS BEEN IN TOUCH WITH DEPARTMENT OFFICERS AND MADE THAT POINT PARTICULARLY CLEAR. (FYI: WE ARE PREPARED TO LET GOC USE TERM OTHER THAN RENEGOTIATION TO DESCRIBE THE PROCESS OF REVIEWING THE CLAIMS AGREEMENT AND IMPROVING THE

TERMS. END FYI). YOU SHOULD ALSO POINT OUT THAT LEGAL ADVISORS' OFFICE IS LOOKING AT LEGISLATION CAREFULLY AS WE EXAMINE QUESTION OF HOW TO PROCEED FROM HERE.

3. REGARDING SUGGESTIONS ABOUT WHAT CZECHS MIGHT DO TO ASSIST OUR EFFORTS IN RESOLVING PROBLEM, WE HAVE URGED SPACIL TO THINK OF AREAS IN BILATERAL RELATIONS WHERE THERE IS POTENTIAL FOR PROGRESS AND INITIATIVE FROM THEIR SIDE WHICH WOULD CONTRIBUTE TO CONGRESSIONAL SYMPATHY FOR CZECHOSLOVAKIA E.G. PLANNED AGRICULTURAL PURCHASES, INCREASED IMPORT OF U.S. MACHINERY AND EQUIPMENT, CLEANING UP EMIGRATION CASE LOAD, AND ALLOWING US TO OPEN IN BRATISLAVA. YOU MAY WISH TO TAKE SIMILAR LINE WITH CHNOUPEK. (FYI: WE HAVE NOTHING FURTHER TO SAY AT THIS TIME REGARDING NEGOTIATION OF TRADE AGREEMENT. END FYI).

4. SPACIL AGREED TO CONSIDER OUR SUGGESTIONS, BUT REITERATED POINT MADE IN RUDE PRAVO THAT THE NEXT INITIATIVE MUST COME FROM U.S. SIDE. SPACIL INDICATED THAT RUDE PRAVO COMMENTARY WAS ONLY INSTRUCTION HE HAD RECEIVED THUS FAR ON CLAIMS QUESTION. HE SAID HE COULD NOT RULE OUT A SHARPER REACTION LATER, BUT IS HEARTENED BY THE TONE OF REMORSE RATHER THAN ANGER IN ARTICLE.

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